

Policy Number: FD0504362



**WAR AND TERRORISM EXCLUSION ENDORSEMENT
NMA2918 (AMENDED)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious or ideological purposes to influence any government and to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

All other terms, conditions and limitations shall remain unaltered.

NMA 2918 (Amended)

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MARKET FLUCTUATION CLAUSE (BRIT VERSION)

It is hereby understood and agreed that 4. EXCLUSIONS hereunder is deemed to be amended to include the following:

- x) arising out of, based upon or attributable to any legal liability arising from any claim of depreciation (or failure to appreciate) in value of any investments, including but not limited to securities, leased products, commodities, currencies, options and futures transactions as to which the Assured has expressly or implicitly made a guarantee, representation or warranty as to the performance of such investments.

All other terms remain unchanged.

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AMENDMENT OF CHANGE IN CONTROL ENDORSEMENT

It is hereby understood and agreed that with effect from inception Clause 12 of the policy is amended as follows.

Effective on the date of acquisition and with regard to those specific assets of Sterling Group of Companies, Inc. to be acquired by Pointe Capital LLC, Clause 12 shall be deleted.

Coverage under this policy shall apply for wrongful acts committed prior to the date of acquisition and until expiration of this policy.

Coverage shall not apply to "Extended Reporting Period" Endorsement as attached.

No additional premium shall apply.

All other terms and conditions remain unchanged

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NON-LICENSED BUSINESS ACTIVITY EXCLUSION

This policy shall not cover the Insured, its employees, Agents or Representatives for a claim arising out of an act error or commission arising out of professional services for which the Insured, its Employees, Agents or Representatives did not hold a correct and valid license issued by the appropriate regulatory authority.

All other terms and conditions remain unchanged.

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INTENTIONAL CORPORATE ACTS EXCLUSION

Underwriters shall not be liable to make any payment in connection with any Claim for any intentional, Corporate or Business Policy.

Corporate or Business Policy shall mean any policy which has been approved, condoned or endorsed by two or more of the Insured's management and which,

- (a) financially disadvantages all of the Insured's clients or any group or class of the Insured's clients, and
- (b) which results in the Insured making a financial gain to which they were not entitled, whether returned to the client(s) or not.

The Insured's Management shall be deemed to be the Insured's Group Management Committee and their direct reportees.

All other terms and conditions remain unchanged.

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REGISTERED INVESTMENTS ADVISORY ENDORSEMENT
(for Approved Activities)

In consideration of the premium charged it is hereby understood and agreed that, in accordance with Clause 2. (k) (5), coverage as is provided under this policy is extended to include coverage to the Insured(s) in connection with Approved Activities while acting in their capacity as a registered investments advisor, subject to the terms, condition, exclusions and endorsements of this policy. Solely with respect to the coverage provided by this endorsement, the policy is amended as follows:

DECLARATION

Limit of Liability, is amended to include the following:

B.2, Registered Investments Advisory Coverage:	\$1,000,000	each loss (including Defense Costs)
	\$2,000,000	aggregate for all loss (including Defense Costs)

Retention, is amended to include the following:

B.2. Registered Investment Advisor Retentions	\$100,000	each and every Claim
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INSURING AGREEMENT

Clause 1., Insuring Agreement is amended to include the following:

B. REGISTERED REPRESENTATIVE PROFESSIONAL LIABILITY INSURANCE

This policy shall pay on behalf of a registered Representative acting in his / her capacity as a Registered Investment Advisor Loss arising from a Claim first made against the Registered Representative during the Policy Period or the Discovery Period (if applicable) and reported in writing to the Insurer pursuant to the terms of this policy for any actual or alleged Wrongful Act committed by the registered Representative in the rendering or failure to render Professional Services.

DEFINITIONS

Solely with respect to Coverage provided by this endorsement, Clause 2, Definitions, (a) "Approved Activity" shall be deleted in its entirety and replaced by the following:

"Approved Activity" means a service or activity performed by the Registered representative in his capacity as a Registered Investments Advisor that;

- (1) has been approved by the Broker / Dealer to be performed by the Registered Representative, and is
- (2) in connection with the purchase or sale of a specific security, annuity or insurance product which has been approved by the Broker / Dealer to be transacted through the registered Representative, and for which

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- (3) the Registered Representative has obtained all licenses required by the Broker / Dealer or applicable law or regulation.

Solely with respect to coverage provided by this endorsement, Clause 2, Definitions, (1) "Registered Representatives" shall be deleted in its entirety and replaced by the following:

- (1) "Registered Representative" means an individual who is registered with the National Association of Securities Dealers, Inc., including a registered principal, and who for compensation engages in the business of rendering Professional Services on behalf of the broker / Dealer. Registered Representative shall also mean a registered Representative Company.

Solely with respect to coverage provided by this endorsement Clause 2, Definitions, (k) shall be deleted in its entirety and replaced by the following:

- (k) "Professional Services" means the following services if rendered in connection with an Approved Activity;

- (1) purchase or sale of securities, including investments companies.
- (2) purchase or sale of annuities or variable annuities
- (3) purchase or sale of life or accident and health insurance.
- (4) providing brokerage services for individual retirements accounts (IRA's), Keogh retirement plans and employee benefit plans (other than multiple employer or multiemployer welfare arrangements)
- (5) services performed as a registered investments advisor but only if and to the extent such coverage is added to this policy by specific written endorsements attached hereto.

and in connection with or incidental to any of the foregoing 5 activities:

- (6) providing economic advice, financial advice or investments advisory services, or
- (7) providing financial planning advice including without limitation any of the following activities in conjunction therewith: the preparation of a financial plan or personal financial statements, the giving of advice relating to personal risk management, insurance, savings, investments, retirement planning or taxes.

Clause 2, Definition, is amended to include the following:

- (O) "Registered Representative Company" means any corporation, partnership or other business entity which engages in the conduct of Professional Services and which is either owned or controlled by a Registered Representative or in which a registered Representative is an employee and then only with respect to those operation of the business entity related to Professional Services provided by the Registered Representative.
- (P) "Registered Investment Advisor" means an investments advisor registered with the Securities and Exchange Commission, or (b) a state securities agency in the U.S.A., or (c) a securities agency of the District of Columbia

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LIMIT OF LIABILITY

Solely with respect to Claim(s) for which coverage is provided by this endorsement, Clause 5, Limits of Liability, is amended to include the following:

The Limit of Liability stated in the Schedule as "each Loss" is the limit of the Insurer's liability for all Loss arising out of all Claims alleging the same Wrongful Act or Interrelated Wrongful Act. This "each Loss" limit shall be part of and not in addition to the "aggregate for all Loss" limit set forth in the Schedule as well as the "policy Aggregate" limit set forth in the Schedule, as described below.

The Limits of Liability stated in the Schedule as "aggregate for all Loss" is the total limit of the Insurer's Liability for all Loss arising out of all Claims first made against the Insured's during the Policy Period and the Discovery Period (if applicable) and reported to the Insurer in accordance to the "Policy Aggregate" limit set forth in the Schedule, as described below.

In the event of a Claim (or Claims alleging Interrelated Wrongful Acts) for which coverage is provided, in part, under this endorsement and, in part, under any other Insuring Agreement of this policy, then the "each Loss" limit and the "aggregate for all Loss" limit applicable to each coverage shall apply; provided, however, the maximum "each Loss" limit and "aggregate for all Loss" limit with respect to this Claim(s) shall not exceed the highest applicable limit.

The Limit of Liability stated in the Schedule is the aggregate total limit of the Insurer's liability for all Loss arising out of all Claims first made against the Insureds during the Policy Period and the Discovery Period (if applicable) and reported to the Insurer in accordance with the terms herein under this policy.

The Limit of Liability for the Discovery Period shall be part of, and not in addition to, the applicable Limit of Liability for the Policy Period. Further, a claim which is made subsequent to the Policy Period or the Discovery Period (if applicable) which pursuant to Clause 8(b) or 8(c) is considered made during the policy Period or the Discovery Period shall also be subject to the aggregate Limit of Liability stated in the Schedule.

Defense Costs are not payable by the Insurer in addition to the Limit of Liability. Defense Costs are part of Loss and as such are subject to the Limit of Liability for Loss.

RETENTION

Clause 6, Retention Clause, is amended by inserting the following paragraph after the third paragraph thereof:

The Retention stated in the Schedule as "Registered Investment Advisor Retention: shall apply to Claims for which coverage is provided under this endorsement.

ALL OTHER TERMS, CONDITIONS AND EXCLUSION OF THE POLICY REMAIN UNCHANGED

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SHORT COVERED CALL OPTIONS EXTENSION

In consideration of the premium charged, it is hereby understood and agreed that Clause 4., Exclusions, paragraph (m)(i) of this policy is deleted in its entirety and replaced by the following:

1. commodities, futures contracts, forwards contract or any type of option or futures contract, or any similar investments product, except Covered Call Options;

It is further understood and agreed that Clause 2., Definitions, is amended to include the following:

"Covered Call Options" means only exchange – traded short call options on stock actually owned by the Insured's client throughout the option's life.

All other terms, conditions and exclusions of the policy remain unchanged.

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EXCESSIVE FEES EXCLUSION

This Policy shall not indemnify the Assured in respect of any third party claim for the reimbursement of fees, commissions, costs or other charges paid or payable to the Assured or any third party claim based upon allegations against the Assured of excessive fees, commissions, costs or other charges.

All other terms and conditions remain unchanged.